

Meeting	Management Board	Date	26/01/2015
Agenda item	10	Time	15 Minutes
Proactive publication	Yes	Internal publication	Yes
Title	<b>Finances</b>		
Presenter	Christopher Graham		
ICO Plan aim	6. An efficient ICO well prepared for the future		
Information rights strategy aim	10. The public confident in information rights law as necessary, serving the public interest, effective in practice and properly enforced.		
Issue	The December income and expenditure report is presented for information and discussion.		
Decision	There is no decision.		
Financial impact	Not relevant.		
Risks	Not relevant.		



# DECEMBER 2014

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## FINANCIAL OVERVIEW & KEY RISK AREAS

### DP Income

Year to date actual income is £12.6M against a BV2 year to date budget of £11.9M, which is 6% higher than originally forecast.

We are projecting a total income of £17M, which is an overall increase of 3% from the BV2 budget.

### Cash Underspend

The dedicated project group has identified business needs across the estate and IT budgets' where excess income and a projected underspend could be spent. The risk of a material underspend has been reduced, however this is an ongoing risk and continues to be closely monitored coming into the final quarter of the financial year.

## INCOME

### Grant-in-aid for freedom of information activities

The grant-in-aid available for drawdown over 2014-15 is £3.75M. This has been profiled as four quarterly tranches of £937.5k. The final tranche has been requested for payment in January 2015.

It has now been agreed with the MOJ that we will take a £50k reduction in Grant in Aid, this has been reflected in 'Other income'.

### Data Protection fees processed

The table below shows the actuals vs budget BV2 which we will report against until BV3 is formally approved. Our fee income for December is £1.1M, 9% higher than projected. The total year to date figure is £12.6M, 6% more than our BV2 budget year to date of £11.9M. We are expecting a full year income of between £16.9M and £17.2M.

£000	Budget (BV2)	Actual	Variance
2014 April	1,395	1,281	-114
2014 May	1,259	1,280	+21
2014 June	1,157	1,432	+275
2014 July	1,358	1,456	+98
2014 August	1,228	1,303	+75
2014 September	1,392	1,514	+122
2014 October	1,611	1,812	+201
2014 November	1,517	1,433	-84
<b>2014 December</b>	<b>1,022</b>	<b>1,118</b>	<b>+96</b>
Year to date	11,938	12,629	+691

The fee income receipt mix is:

£000	Cheque	%	BACS	%	Direct Debit	%	Credit Cards	%	Refund	%
Apr-14	322	25%	55	4%	582	45%	325	25%	-4	0%
May-14	316	25%	65	5%	556	43%	345	27%	-2	0%
Jun-14	404	28%	76	5%	597	42%	359	25%	-5	0%
Jul-14	331	23%	48	3%	646	44%	433	30%	-2	0%
Aug-14	295	23%	51	4%	588	45%	374	29%	-4	0%
Sep-14	350	23%	72	5%	640	42%	456	30%	-4	0%
Oct-14	464	26%	80	4%	757	42%	513	28%	-2	0%
Nov-14	352	25%	57	4%	622	43%	406	28%	-4	0%
Dec-14	239	21%	45	4%	475	42%	364	33%	-5	0%
Year to date	3,073	24%	549	4%	5,463	43%	3,575	28%	-32	0%

## EXPENDITURE

### Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 3.2

<https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-32>

We are also required to obtain specific MOJ approval for any IT or communications spend over £50k for individual projects. We have received approval from the MOJ for the 2014-15 IS budget. We will thus only be required to report spend over £50k not included in the original budget. No such spend has occurred to date.

We have now received approval from Cabinet Office for additional spending on the redevelopment of the website.

### **Total staff costs**

Staffing levels/FTE	Payroll	Agency	Total	Complement	Vacant Posts
2014 April	353.5	16.0	369.5	383.0	(13.5)
2014 May	353.4	16.6	370.0	383.0	(13.0)
2014 June	354.2	14.6	368.8	383.0	(14.2)
2014 July	363.4	16.6	380.0	383.0	(3.0)
2014 August	361.2	16.0	377.2	383.0	(5.8)
2014 September	370.5	16.0	386.5	383.0	3.5
2014 October	370.4	16.4	386.5	383.0	3.8
2014 November	364.0	17.0	380.5	383.0	(2.5)
<b>2014 December</b>	<b>364.50</b>	<b>11.40</b>	<b>375.90</b>	<b>383.00</b>	<b>(7.1)</b>

Overtime year to date is 33% less than expected due to less overtime required than expected. Forecast for the year is £40k, 50% less than budgeted. This underspend has been factored into the cash mitigation plan.

To mitigate underspend in the key business areas, additional resources under 'agency staff' has resulted in a planned overspend of 59% year to date.

Overall staff costs, i.e. permanent and agency combined, to date are in line with budget and expected to remain so for the year.

Work is underway to reforecast any potential impact of the staff paydeal, however the original projection of £418k is unlikely to change significantly. Costs for this will be recognised in the current financial year either paid or accrued.

### **Total estate costs**

Property rates are underspent by 20% due to receipt of the rebate (44k) negotiated on Wycliffe House.

Fuel and utilities is 16% under budget; this is expected to increase in the winter months.

Overall estate costs are expected to be in line with the budget.

### **IS and telecommunications**

Service delivery and contracted services are slightly over budget. Following a budget review, we now expect costs to be 50k over budget overall.

We are beginning to see costs coming through for the IT projects that are underway; £117k has been spent to date which is in line with the back loaded budget profiled for BV2.

As previously reported, online development costs have been reviewed and have been found to be capital in nature rather than revenue which has

reduced the 'online development' budget line within the IS budget, hence the apparent underspend of 99%. This budget has been therefore been allocated within the IS projects overall spend.

Telephony is slightly over expected spend due to a higher number of mobile purchases during the month.

### **Banking and finance costs**

Card commission charges were originally forecast at £5.5k pcm, actual costs are between £4-5k generating a year to date saving of 22%. This expenditure is expected to rise due to the increase in card transactions from DP payments.

Bank charges for 2014-15 have been negotiated and agreed at £40k for the year, saving £11k (21%) overall. Discussions are underway with RBS as to bank charges for 2015/16, although this is expected to stay consistent with the current year at £40k.

### **Staff travel and other costs**

Recruitment costs are 46% over budget year to date, directly linked to the staff recruitment drive mentioned above in staff costs.

Overseas travel is lower than expected (30%), this is mainly due to a largely unpredictable profile of spend, it is expected to come in under budget at the year end but not by any material amount.

Other costs are as expected.

### **Printing, postage and office stationery**

There is an overall underspend of 18% in this area. This is largely attributed to savings generated by value for money procurement and tighter controls in relation to stationary purchasing.

Equipment and repairs costs are expected to rise as part of the planned estate works that will minimise our risk of underspend and also realise some of our potential dilapidation obligations on Wycliffe House.

### **Other expenditure**

Communications spend year to date is above budget by 24%. This is due to some prepayments included in the spend for the European spring conference in May 2015, these will be reflected in the year end accounts when all costs are known.

There are some costs that relate to the DP practitioner conference in March 2015 which we charge delegates for attendance, £40k estimated income has been accrued against these costs.

We are also expecting to overspend in the communications budget to reduce a risk of underspend in other areas by circa £70k (7%). £60k of this is for additional enforcement conferences.

HR legal costs are 40% behind budget due to less contentious cases than expected and a high recovery rate.

DP Enforcement legal costs are 66% under budget, however there are significant cases that will incur greater legal costs coming up in the final quarter. One case has slipped into the following year so overall legal costs are expected to be under budget.

Specialist translations and library subscriptions are profiled over a straight line and can fluctuate month on month, variations are considered immaterial.

'Specialist support other' spend relates to £6k spend on the external agent contracted to negotiate the rates on Wycliffe House, £6k contribution towards the Global Privacy Enforcement Network and less than 1k on companies house searches and other such support.

Only £10k was budgeted for professional subscriptions in the current year compared to £15k in the previous. Spend is expected to be £15k overall. For this reason, current position is 32% over budget.

All other expenditure is in line with expectations.

## **CAPITAL EXPENDITURE**

The year to date capital spend is £257k (55% behind the revised budget). Although this remains at a low position, this will significantly increase from the website redevelopment project, finance project and other projects detailed within the IS Project programme. Expectation is that the capital spend will be in line with budgets.

## **Budget Virements**

A Proposed Budget Transfers paper is to be reviewed by ET, any agreed changes will be reflected in the next management accounts.

**Simon Entwisle, Deputy Chief Executive Officer  
December 2014**

MANAGEMENT REPORT: DEC 2014				
RESOURCE DEL	BV2 BUDGET Full Year	BV2 BUDGET Year to date	ACTUAL Year to date	VARIANCE %
Payroll - gross	10,536,634	7,439,694	7,366,226	-1%
Payroll - NEBM	50,500	37,875	35,667	-6%
Payroll - overtime	80,000	54,118	36,113	-33%
Payroll - pensions	1,821,263	1,334,119	1,307,365	-2%
Payroll - ers nic	708,269	517,939	478,030	-8%
Agency staff	170,000	170,000	270,271	59%
Pay architecture	418,500	-	-	0%
<b>TOTAL STAFF COSTS</b>	<b>13,785,165</b>	<b>9,553,745</b>	<b>9,493,672</b>	<b>-1%</b>
Property rent	782,640	778,230	771,766	-1%
Property rates	234,000	234,000	187,143	-20%
Property licences	92,500	69,372	62,911	-9%
Fuel and utilities	82,500	58,500	49,322	-16%
Other property costs	131,153	115,000	122,931	7%
<b>TOTAL ESTATE COSTS</b>	<b>1,322,793</b>	<b>1,255,102</b>	<b>1,194,073</b>	<b>-5%</b>
Consultancy	-	-	5,908	0%
- contracted Services	1,950,000	1,485,000	1,629,863	10%
- GSI	145,000	88,750	86,878	-2%
- development	180,000	116,000	117,060	1%
- online development	200,000	132,000	1,077	-99%
- telecoms	100,000	80,000	90,278	13%
-notification printing and postage	145,000	115,000	121,863	6%
IT and telecommunications	2,720,000	2,016,750	2,047,020	2%
- bank charges	51,000	38,250	30,290	-21%
- card commissions	75,000	53,235	41,453	-22%
Banking and finance	126,000	91,485	71,743	-22%
- health and safety	25,000	20,000	20,593	3%
- learning and development	125,000	110,000	110,857	1%
- conference attendances	15,000	9,000	8,349	-7%
- staff recruitment costs	30,000	30,000	43,652	46%
- HR support costs	55,000	44,000	42,580	-3%
- travel and subsistence UK	335,000	230,000	247,418	8%
- travel and subsistence Overseas	40,000	30,000	20,996	-30%
- hospitality	-	-	1,203	0%
Staff travel and other	625,000	473,000	495,649	5%
- postage	65,000	49,000	41,108	-16%
- document destruction	10,000	7,450	4,419	-41%
- furniture and equipment	25,000	21,000	23,156	10%
- general administration kitchen	50,000	36,000	34,138	-5%
- general administration other	15,000	11,250	871	-92%
- motor vehicle costs	2,000	1,100	578	-47%
- equipment repairs and maintenance	10,000	7,000	4,777	-32%
- stationery	40,000	30,000	23,639	-21%
Printing, postage and office expenditure	217,000	162,800	132,685	-18%
- communications	249,751	225,000	278,535	24%
- communications research	50,000	23,000	9,768	-58%
- internal audit and corporate governance	50,000	33,000	28,653	-13%
- legal HR	35,000	26,000	15,682	-40%
- legal Policy FOI	158,000	95,000	92,029	-3%
- legal Enforcement DP	147,000	93,000	31,633	-66%
- specialist support forensics	40,000	24,000	17,416	-27%
- specialist support translations	5,000	3,700	1,118	-70%
- specialist support other	-	-	12,973	0%
- Policy research DP	72,500	52,500	38,750	-26%
- NAO audit fee	30,000	30,000	30,000	0%
- library and subscriptions legal	40,000	30,000	31,311	4%
- library and subscriptions Wilmslow	15,000	10,500	8,614	-18%
- library and subscriptions regional offices	4,500	2,600	1,396	-46%
- professional subscriptions	10,000	10,000	13,221	32%
Other expenditure	906,751	658,300	611,100	-7%
Loss on disposal of Non-Current assets	-	-	-	
<b>TOTAL OTHER COSTS</b>	<b>4,594,751</b>	<b>3,402,335</b>	<b>3,364,105</b>	
<b>PROVISIONS - UTILISED IN YEAR</b>	<b>8,154</b>	<b>6,115</b>	<b>6,822</b>	
<b>GROSS FISCAL DEL (A+B+C+D)</b>	<b>19,710,863</b>	<b>14,217,297</b>	<b>14,058,672</b>	
Fee income	- 16,527,292	- 11,937,756	- 12,628,891	6%
CFERSs allowable as operating income				
Other income			50,000	
<b>TOTAL INCOME</b>	<b>- 16,527,292</b>	<b>- 11,937,756</b>	<b>- 12,578,891</b>	<b>5%</b>
<b>NET FISCAL DEL (E+F)</b>	<b>3,183,571</b>	<b>2,279,541</b>	<b>1,479,781</b>	
Depreciation	1,660,000	1,244,997	1,258,499	1%
Other non-cash				
<b>TOTAL NON-CASH COSTS</b>	<b>1,660,000</b>	<b>1,244,997</b>	<b>1,258,499</b>	
<b>TOTAL RESOURCE DEL (G+H)</b>	<b>4,843,571</b>	<b>3,524,538</b>	<b>2,738,280</b>	
<b>RESOURCE AME</b>				
Provision - increase/decrease				
Provisions - utilised in year	- 8,154	- 6,115	- 6,822	
Diminution of Fixed and Intangible assets				
<b>NET RESOURCE AME</b>	<b>- 8,154</b>	<b>- 6,115</b>	<b>- 6,822</b>	
<b>CAPITAL DEL</b>				
Tangible additions				
Tangible disposals				
Intangible additions	765,000	567,000	257,514	-55%
Intangible disposals				
<b>NET CAPITAL DEL</b>	<b>765,000</b>	<b>567,000</b>	<b>257,514</b>	
<b>TOTAL CASH (G+K)</b>	<b>3,948,571</b>	<b>2,846,541</b>	<b>1,737,295</b>	

&gt;10% Overspend

&gt;10% Underspend

&lt;= 10% tolerance